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Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 EB-08 /019 W
----------039202 161637Z /45
R 160820Z FEB 78
FM AMEMBASSY DACCA
TO SECSTATE WASHDC 8121
USDOC WASHDC

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E.O. 11652: N/A
TAGS: BEXP, BTIO, ETRN, BG
SUBJECT: BANGLADESH LOCOMOTIVE TENDER

REF: DACCA 0501

1. SUMMARY: H.S. ISLAM, MEMBER FOR FINANCE BANGLADESH RAILWAY BOARD (BR) TOLD EMBOFF FEBRUARY 15 THAT COMPETITION WILL BE VERY KEEN FOR RAILWAY BOARD'S TENDER FOR 12 BROAD GAUGE AND 18 METER GAUGE DIESEL LOCOMOTIVES. HE SAID U.S. SUPPLIERS COULD IMPROVE THEIR POSITION BY STRENGTHENING LOCAL REPRESENTATION. AS RE-PROTED IN REFTEL AND PREVIOUS MESSAGES, THIS PURCHASE, TO BE FINANCED WITH A 40 MILLION DOLLAR SAUDI CREDIT IS A MAJOR EXPORT OPPORTUNITY FOR U.S. END SUMMARY.

2. ISLAM INDICATED THAT THE MAJOR CONTENDERS FOR THIS PURCHASE ARE MLW (NANADA), GM (CANADA) AND GM (U.S.). HE SAID BOTH GM (U.S.) AND GM (CANADA) WILL BID ON THE TENDER; GM'S GERMAN SUBSIDIARY WILL ALSO BID, ALTHOUGH ITS PRICE WILL PROBABLY BE TOO HIGH.

3. IN RESPONSE TO EMGOFF'S STRONG ENDORSEMENT OF U.S. SUPPLIERS, ISLAM MADE THE FOLLOWING COMMENTS: GE'S SERVICE RECORD IN BANGLADESH HAS BEEN VERY POOR AND BR IS NOT CONVINCED GE IS INTERESTED IN PROVIDING NECESSARY BACKUP
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FOR THEIR LOCOMOTIVES. BR'S TECHNICAL STAFF HAVE A VERY HIGH REGARD FOR GM'S LOCOMOTIVES. HOWEVER, GM HAS NOT APPOINTED A COMPETENT LOCAL AGENT WITH THE NECESSARY BUSINESS AND TECHNICAL EXPERIENCE TO HANDLE SPARE PARTS AND SERVICE REQUIREMENTS WHICH BR NEEDS FROM A LOCALMOTIVE SUPPLIER. HE SAID EMPHATICALLY THAT IN BR'S OPINION LOCAL INDIVIDUALS WHO HAD BEEN ASSOCIATED WITH GM (.U.S.) IN THE PAST WERE

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NOT WELL QUALIFIED. IN CONTRAST, HE SAID MLW HAS
AN ACTIVE, WELL ESTABLISHED AGENT. MOREOVER, NANADA HAS GIVEN
BR SEVERAL MLW LOCOMOTIVES UNDER A CEDA GRANT AND CEDA IS
ALSO PROVIDING A FULL TIME ENGINEER AND TECHNICAL ASSIISTANCE
FOR UPGRADING BR'S DACCA LOCOMOTIVE WORKSHOP.

4. ISLAM ADDED THATTR HAS JUST ANNOUNCED AN INVITATION FOR
APPLICATIONS FROM CONSULTING ENGINEERS FOR ASSISTING IN
PREQUALIFICATION OF ENGINEERS TO DESIGN A NEW DIESEL WORKSHOP
IN CHITTAGONG. HE HOPED U.S. COMPANIES WILL PARTICIPATE
IN THIS PROJECT (ALSO SAUDI FINANCED), SAYING BR HAS A VERY
STRONG PREFERENCE FOR WESTERN TECHNOLOGY. (WE ARE SENDING
DETAILS OF THIS INVITATION BY SPETEL.)

5. ACTION REQUESTED: ISLAM'S REMARKS CONFIRM AS
WE HAVE HEARD FROM MANY SOURCES HERE, THAT U.S.
LOCOMOTIVE SUPPLIERS ARE AT A DISADVANTAGE IN BIDDING
FOR THIS MAJOR SALE, ALTHOUGH BR PREFERS GM EQUIPMENT.
IN VIEW OF THE IMPORTANCE OF THIS EXPORT OPPORTUNITY,
WE SUGGEST USDOC CONTACT GM AND GE, AND OTHERS WHO HAVE
EXPRESSED INTEREST IN THIS TENDER AND STRESS BR'S PRE-
FERENCE FOR U.S. EQUIPMENT, BR'S DOUBTS ABOUT ADEQUACY
OF REPRESENTATION OF U.S. SUPPLIERS AND VIGOROUS BID BY
HLW FOR THIS SALE.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PROPOSALS (BID), ROLLING STOCK
Control Number: n/a
Copy: SINGLE
Draft Date: 16 feb 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978DACCA00991
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780071-1156
Format: TEL
From: DACCA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780249/aaaabouu.tel
Line Count: 95
Litigation Code IDs:
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Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
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Office: ACTION NEA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 78 DACCA 501
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3576826
Secure: OPEN
Status: NATIVE
Subject: BANGLADESH LOCOMOTIVE TENDER
TAGS: BEXP, BTIO, ETRN, BG
To: STATE COM
Type: TE
vdkvgwkey: odbc://SAS/SAS.dbo.SAS_Docs/dc33dbd5-c288-dd11-92da-001cc4696bcc
Review Markings:
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